MONGOLIA GROWTH GROUP LTD.

MANAGEMENT DISCUSSION & ANALYSIS

December 31st 2014

Contents

MONGOLIA GROWTH GROUP LTD.

Management Discussion & Analysis

December 31, 2014

The management of Mongolia Growth Group Ltd. ("MGG" or "the Corporation") presents the Corporation's management discussion and analysis for the year ended December 31, 2014 (the "MD&A"), compared with the year ended December 31, 2013. As of January 1, 2011, the Corporation adopted International Financial Reporting Standards ("IFRS"). This MD&A provides an overall discussion, followed by analyses of the performance of the Corporation's major reportable segments. The reporting and presentation currency in the consolidated financial statements and in this discussion and analysis is the Canadian dollar, unless otherwise noted.

This MD&A is dated April 29, 2015 and incorporates all relevant information and considerations to that date.

The following discussion and analysis should be read in conjunction with the audited consolidated financial statements of the Corporation for the year ended December 31, 2014 and December 31, 2013 together with all of the notes, risk factors and information contained therein, available on SEDAR at www.sedar.com.

Non-IFRS Financial Measures

This MD&A makes reference to earnings before interest, taxes, unrealized fair value adjustments, depreciation and amortization ("Adjusted EBITDA"). The Corporation uses Adjusted EBITDA as a measure of the performance of its operating subsidiaries as it excludes depreciation and interest charges, which are a function of the Corporation's specific capital structure, and also excludes entity specific tax expense. These amounts are not performance measures as defined under IFRS and should not be considered either in isolation of, or as a substitute for, net earnings prepared in accordance with IFRS. The Corporation refers to "Funds used in operations", "operating losses" and "re-valuation of investment properties" within this analysis. "Funds used in operations" is computed by calculating the cash flow from operations before changes to non-cash working capital from operations. "Operating Profits" is computed by calculating the profit before tax and any fair value adjustments.

Forward Looking Statements

This MD&A contains forward-looking statements relating to future events. In some cases, forward-looking statements can be identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "may", "will", "project", "should", "believe", or similar expressions.

These statements represent management's best projections but undue reliance should not be placed upon them as they are derived from numerous assumptions. These assumptions are subject to known and unknown risks and uncertainties, including the "Risks and Uncertainties" as discussed herein. Actual performance and financial results will differ from any projections of future performance or results expressed or implied by such forward looking statements and the difference may be material.

Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted. From time to time, the Corporation's management may make estimates and have opinions that form the basis for the forward-looking statements. The Corporation assumes no obligation to update such statements if circumstances, management's estimates, or opinions change.

Forward looking statements are included within the Outlook, CEO Message to Shareholders and Executive Strategy sections of this MD&A.

Section 1 – Overview

Financial and Operational Overview

During 2014, the Corporation continued to suffer from negative cash flow as a result of excessive spending and insufficient revenues. Over the course of the year, these negative cash flows accelerated, which ultimately necessitated a management change at year end in order to correct this imbalance and put the Corporation on a more sustainable path.

On the positive side, the Corporation saw increased revenues versus the prior year due to an overall increase in average revenue per meter. This was achieved by maintaining high occupancy rates during the year, even amidst a slowdown in the local economy and higher vacancy rates across the country. The Corporation's occupancy rates continue to be strong with a weighted average occupancy rate of 94.2% at the end of the year.

On the expense side, overall expenses increased from $5,598,618 in 2013 to $7,543,135 in 2014, contributing to a negative cash flow of $3,724,898 during the year.

The Corporation had an unrealized fair value adjustment gain at the end of the year of $10,683,896 versus a fair value adjustment gain of $3,845,521 during the prior year.

This significant fair value adjustment propelled the Corporation to net income from Continuing Operations of $4,151,782 or a gain of $0.12 per share (EPS) versus a net loss of $250,574 or a net loss of $0.01 per share (EPS) in 2013.

Throughout the year, the Corporation continued to dispose of non-core assets to streamline the portfolio and dispose of smaller and underperforming assets. Proceeds from sales were used for working capital and reinvested in higher quality institutional assets with better net-yield profiles. During the year, the Corporation disposed and swapped a total of 25 properties at a gain of $56,105. As of December 31, 2014, the Corporation had 6 investment properties classified as available for sale.

The Mongolian Tögrög continued to depreciate throughout the year, depreciating from 1,542 MNT/CAD on December 31, 2013, to 1,624 MNT/CAD over the course of 2014; a decline of 5.3%.

In December 2014, the Corporation replaced four resigning members of the Board of Directors (Jordan Calonego, Bill Fleckenstein, John Shaw and Paul Sweeney) with four new Board members (Nick Cousyn, Jim Dwyer, Brad Farquhar and Rob Scott). Additionally, former CEO Paul Byrne resigned and the existing Board Chair, Harris Kupperman, reassumed the role of CEO, with a mandate to reduce costs and improve operational performance.

Economic Overview

During recent years, the Mongolian real estate sector has benefitted from significant local economic growth. The majority of this recent growth is attributable to the mining and construction booms taking place in Mongolia, mainly resulting from the opening of the Oyu Tolgoi and Tavan Tolgoi deposits located in the Gobi desert. The associated infrastructure requirements for these projects have also served to strengthen the local economy. In addition, an increase in other industries, particularly tourism and agriculture have helped to grow the economy. The positive impact of improving consumer and business confidence has led to a substantial increase in the gross production of the local economy.

During 2014, the Mongolian economy witnessed a decrease in its growth rate, with this slow-down accelerating in the second half of the year. This slow-down has been caused by reduced prices for commodities, political uncertainty, the arrest of certain foreign executives, a decrease in bank lending, along with significant doubt over the timing of the continuation of the Oyu Tolgoi underground development. These factors have led to a substantial decline in foreign direct investment (FDI) which has reduced the rate of growth of the economy.

The Mongolian economy continues to grow though at a slower rate according to data from The National Statistics Office of Mongolia ("NSO") with estimates of full year 2014 growth of 7.8% from 11.7% in 2013.

The Mongolian Tögrög has fluctuated significantly over the past three years. In 2013, the average exchange rate between the Tögrög and the Canadian Dollar was approximately 1,360 MNT/CAD for the year, whereas during 2014, the Tögrög reached a low of over 1,728 Tögrög per Canadian Dollar and averaged 1,637 per Canadian Dollar. Management would like to note that in general, most commercial property transactions in Ulaanbaatar are negotiated in US Dollars and recent declines in the Tögrög to US Dollar exchange rate have not had a noticeable impact on the prices of property assets, in US Dollar terms.

Management believes that the current economic slow-down is the result of policies that have discouraged Foreign Direct Investment ("FDI"). When the government takes the appropriate steps to stimulate FDI, it is expected that the economy can return to prior rates of economic growth. MGG remains a believer in the long-term growth potential of Mongolia.

Property Overview

The general property market continues to be influenced by the overall Mongolian economy. With the recent slow-down in the Mongolian economy, there has been a noticeable increase in vacancy, particularly in office and residential space. In the downtown core, this has led to a decline in pricing for both rental rates and sales for those two asset classes. High street retail has seen less of an increase in supply, and demand for space remains strong.

Outside of the downtown of Ulaanbaatar, a noticeable increase in building activity has saturated certain markets and led to a more substantial decline in prices. In addition, there has been a recent increase in office and residential construction activity that will likely lead to future saturation in those markets. Management cautions shareholders that property prices have historically been, and continue to be, volatile.

Management expects continued high demand for well-located retail space, with a lower demand level for office space. However, MGG continues to have below market rates of vacancy in all asset classes.

Section 2 - Executing the Strategy

Core Business

During the past four years, Management and employees have worked hard to build up the infrastructure needed to manage MGG's institutional property platform. This platform is unique in Mongolia and is one of the only platforms capable of managing assets through the full cycle of ownership from acquisition and development, through disposition and includes dedicated departments that manage maintenance, leasing, marketing and tenant management. Management believes it has a strong team in place to lead the Corporation into its next phase of growth.

MGG's real estate subsidiary plans on further expansion via the investment of additional capital into income producing and redevelopment properties in Ulaanbaatar. The Corporation's plan is contingent on procuring further funds for investment and on finding suitable investment targets which meet MGG's stringent investment criteria. In addition, due to MGG's unique platform, the Corporation is adding third party leasing and property management to its focus, in order to leverage its existing resources. Management believes that it has excess capacity to handle these functions.

Since inception, MGG has acquired a number of redevelopment properties. To date the Corporation has also remodeled, rebuilt and completed additions on properties. During 2014, the Corporation spent substantial resources on redeveloping its Tuguldur retail center property. Assuming that funding is available, the Corporation intends to invest substantial additional capital into increasing the size of this property. It is Management's intent to begin *de novo* property developments on the Corporation's other owned sites and MGG's intention is to remain a substantial owner of the properties, post-completion. However, there can be no certainty on when this happens due to the current economic climate in Mongolia and the difficulty in accessing additional growth capital.

Portfolio

Mongolia Growth Group's properties are located in Downtown and the Central Business District of Ulaanbaatar. Within the financial statements, MGG classifies properties in each of the following categories; Investment Properties, Property and Equipment, and Other Assets/Prepaid Deposits.

Investment Properties

Investment Properties includes properties held to earn rental revenue, for capital appreciation, and/or for redevelopment. Investment Properties are initially valued at fair value, which is the purchase price plus any directly attributable expenditures. Investment Properties are subsequently valued at fair value, which reflects market conditions at the date of the statement of financial position.

The following table represents properties classified as Investment Properties, as of December 31, 2014;

	2014			2013		
	# of Properties	Value at 31-Dec-14 $CDN	Meters	# of Properties	Value at 31-Dec-13 $CDN	Meters
Residential	2	357,160	-	10	1,378,377	-
Office	3	5,039,196	2,650	4	5,310,481	2,727
Retail	35	27,645,411	9,497	43	16,058,219	6,808
Land and Redevelopment	4	15,416,750	7,086	6	9,566,314	11,540
Total	**44**	**48,458,517**	**19,233**	**63**	**32,313,391**	**21,075**

Property and Equipment

Properties are classified as Property and Equipment if the Corporation occupies more than 10% of the property. Properties classified as Property and Equipment are measured at cost less accumulated depreciation, less any accumulated impairment losses.

All repairs and maintenance costs to these properties are charged to the consolidated statement of operations during the period in which they occur unless eligible for capitalization. The Corporation's Headquarters, purchased in October 2011, falls within this category.

The following table represents properties classified as Property and Equipment, as of December 31, 2014;

	2014			2013		
	# of Properties	Value at 31-Dec-14 $CDN	Meters	# of Properties	Value at 31-Dec-13 $CDN	Meters
Residential	2	139,536	-	4	591,557	-
Office	1	2,627,014	1,300	1	2,567,260	1,300
Retail	-	-	-	1	510,728	134
Land and Redevelopment	-	-	-	-	-	-
Total	**3**	**2,766,550**	**1,300**	**6**	**3,669,545**	**1,434**

Other Assets/ Prepaid Deposits

Investment property purchases where the Corporation has paid either the full or partial purchase proceeds to the seller, but the Corporation has not yet received the official land or building title from the Mongolian Property office, are recorded at cost as Prepaid Deposits on Investment Properties and classified within other assets.

The following table represents properties classified as Prepaid Deposits on Investment Properties, as of December 31, 2014;

			2014			2013
	# of Properties	Value at 31-Dec-14 $CDN	Meters	# of Properties	Value at 31-Dec-13 $CDN	Meters
Residential	-	-	-	-	-	-
Office	-	-	-	-	-	-
Retail	1	729,497	184	1	908,222	184
Land and Redevelopment	1	69,392	28	5*	950,860	1,708
Total	**2**	**798,889**	**212**	**6**	**1,859,082**	**1,892**

* These land assets are part of the land packages outlined in the Investment Properties section and are not standalone land packages.

Occupancy Rates

A summary of MGG's property portfolio occupancy rates is set forth in the following table:

	31 –Dec- 2014	31-Dec- 2013
	Occupancy Rate*	Occupancy Rate*
Residential	100%	95.6%
Office	98.2%	84.3%
Retail	91.2%	98.3%
Weighted Average**	**94.2%**	**97.7%**

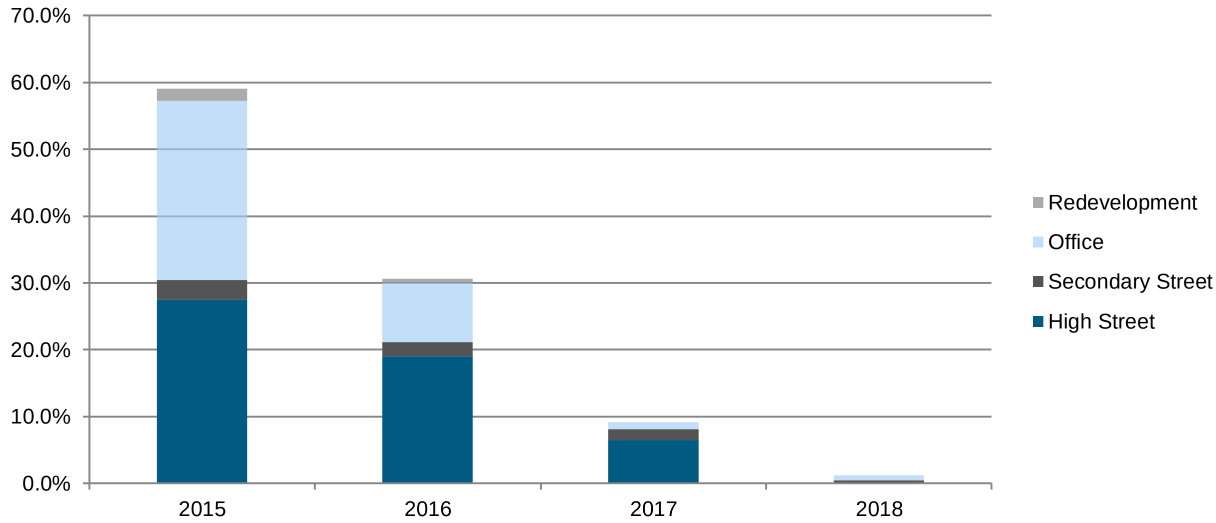
* Occupancy rates are calculated on a per meter basis;

** Weighted Average is calculated based on total meters available for lease

Demand for retail space has remained strong, despite a difficult economy. Occupancy levels for the Corporation's Office space have been strong even while vacancy levels throughout the city have increased significantly throughout the year as additional supply entered the market. Management attributes its success due to increased marketing initiatives and realistic price expectations.

Leasing Schedule

In order to reduce the Corporation's exposure to currency fluctuations and inflation, the Corporation targets shorter lease durations with most tenants. Management's experience is that this practice is in line with the local industry standards, with the expectation that once leases expire, existing tenants are offered the first right to re-lease the space at then prevailing market rates.



The weighted average remaining lease term decreased slightly to 17.2 months at December 31st 2014, from 17.7 months at December 31st 2013 calculated as a percentage of monthly revenues.

It is Management's belief that most existing leases are at rates that are generally at the current prevailing market rates. With the current economic conditions, many smaller companies without significant cash reserves are suffering which is reflected lower office rents in aggregate.

Most Recent Retail Lease Signings

Lease Type	Lease Renewal Date	SqM	Old Price Per Meter (Mongolian Tögrög)	New Price Per Meter (Mongolian Tögrög)	Percent Increase
Retail Lease	December 2014	246	14,785	23,947	62%
Retail Lease	December 2014	110	34,347	37,179	8%
Retail Lease	December 2014	206	35,232	33,030	-6%
Office	October 2014	40	31,818	22,727	-29%
Office	November 2014	62	30,067	35,551	33%

Section 3 – Results of Operation

Selected Annual Financial Information (CAD)

	Year ended 31-Dec- 2014	Year ended 31-Dec- 2013 (Restated) *	Year ended 31-Dec- 2012 (Restated)*
Revenue and other income	1,918,916	1,727,373	1,582,460
Income			
Income/ (loss) from continuing operations attributable to equity holders of the Corporation	4,151,782	(250,574)	(4,931,975)
Net Income/ (loss) attributable to equity holders of the Corporation	4,151,782	(155,563)	(6,073,750)
Comprehensive income/ (loss) attributable to equity holders of the Corporation	2,631,084	(3,713,297)	(7,360,920)
Basic earnings per share ("EPS") (in CAD)			
Earnings/ (loss) from continuing operations	0.12	(0.01)	(0.14)
Earnings/ (loss) from discontinued operations	0	0	(0.03)
Net income/ (loss)	0.12	(0.01)	(0.17)
Diluted EPS (in CAD)			
Earnings/ (loss) from continuing operations	0.12	(0.01)	(0.14)
Earnings/ (loss) from discontinued operations	0	0	(0.03)
Net Income/ (loss)	0.12	(0.01)	(0.17)
Balance Sheet			
Total Assets	54,106,591	47,291,018	51,306,531
Total liabilities	3,176,142	1,968,460	4,002,971
Total Equity	50,930,449	45,322,558	47,303,560
Shares Outstanding at year end	34,848,745	34,303,352	34,143,352
Book Value per share	1.46	1.32	1.38

*Excludes operations of Mandal Insurance previously included in Continuing Operations. Mandal Insurance was disposed of on December 20, 2013.

Revenue from Investment Properties

For the year end December 31, 2014, Revenue from Investment Properties reached $1,822,392 versus $1,650,895 in the prior year. This increase was attributable to higher achieved market lease rates.

Revenue from Other Sources

Revenue from other sources consists of late fees and other income. For the year ending December 31, 2014, revenues from other sources totaled $96,524 compared to $76,478 for the year ending

December 31, 2013. Revenues increased due to higher late payments collected along with higher income from property disposals in comparison to the previous year.

Fair Value Adjustment on Investment Properties

As elected under IFRS, the Corporation's investment portfolio is subsequently measured at fair value in the Corporation's financial statements. As of December 31, 2014, the Corporation had approximately 90% of its Investment Properties Portfolio valued by either an international valuation firm and the remaining 10% (23 properties) were valued by Management. For the year ended December 31, 2014, the fair value adjustment to investment properties was a gain of $10,683,896 compared to a gain of $3,845,521 for the same period in 2013. Overall, the gains in the portfolio were attributed to two of the Corporation's land packages that were assembled through several transactions. In aggregate, most of the remaining investment properties depreciated in Canadian dollar terms.

Property Operating Expenses

Property Operating Expenses consist of repairs and maintenance, bad debts, utilities, salaries and land and property taxes. For the year ending December 31, 2014 the property operating expenses were $1,556,367 compared to $1,398,184 during the same period in 2013, representing an increase of 11%. This increase is mainly attributed to an increase in salaries, utilities and land and property taxes.

Corporate Expenses

Corporate expenses include senior management's compensation, share-based costs, listing fees, professional fees, technology, travel and administrative costs.

For the year ending December 31, 2014 general and administration expenses increased to $4,635,599 from $3,680,336 in 2013. The majority of this increase was due to spending for initiatives that never materialized, increased investor outreach, legal expenses, increased human resource recruitment and retention costs and costs related to the management change at year-end. In addition, the Corporation experienced several one-time expenses

One-Time Expenses

During the 2014 year, the Corporation incurred one–time expenses including; severance to of the Corporation's former CEO of $870,540, accrued a commission payment of $487,522 to a senior employee of the Corporation for several recent large acquisitions, a discount of $402,339 given to UMC against sale of Mandal Insurance and $222,995 spent on legal and professional fees to file a base shelf prospectus. These four major expenses total to $1,983,396. In 2013, one-time major expenses included TSX listing fees, fees for a transaction that did not materialize and expenses incurred on disposal of the Corporation's insurance subsidiary totaling $632,009.

At this time, management does not foresee any significant one-time expenses during 2015.

Currency

The Mongolian Tögrög has fluctuated significantly over the past three years. The Mongolian Tögrög has depreciated 6.8%, 5.1%, 11.5% and 5.3% in 2011, 2012, 2013 and 2014 respectively versus the Canadian Dollar. The fluctuation in the currency is reflected in the Corporation's financial statements, most notably in the investment property portfolio, as it is the largest item on the balance sheet. Note 4 in the financial statements disclose the foreign exchange adjustment, which flows through the investment property classification during each period. As at December 31, 2014 the Corporation recognized a significant foreign exchange adjustment loss of $1,375,377 to its investment property portfolio due to the 5.3% depreciation of the local currency during the year.

Operating Profit (Loss) from Continuing Operations

In total the Corporation's continuing operations reported an Operating loss or an Adjusted EBITDA loss of $5,900,540 during 2014 (2013 – loss of $3,733,368), generated interest income of $66,606 (2013 - $239,055) and finance expense of $250,230 (2013 – Nil) during the year. The larger Adjusted EBITDA loss in 2014 is attributed to the large one-time expenses mentioned earlier as well as increased salaries, property taxes and the discount of $402,339 given to UMC in exchange for early repayment of a debt.

The following table reconciles net income before income tax to Adjusted EBITDA from operations.

	2014	2013
Net Income before Income taxes	4,473,714	213,331
Add Depreciation and Amortization	126,018	137,877
Subtract Interest and Investment (Income) / Finance Expense	183,624	(239,055)
EBITDA	4,783,356	112,153
Subtract Fair Value Adjustment	(10,683,896)	(3,845,521)
Total Adjusted EBITDA	**(5,900,540)**	**(3,733,368)**

Operating Profit from Discontinued Operations

The Corporation disposed of its insurance business on December 20, 2013. During 2013, the insurance business generated an Operating loss or Adjusted EBITDA loss of $711,146 and investment income of $543,045.

Net Income

For the year ended December 31, 2014, the Corporation incurred a net gain of $4,151,782 compared to a net loss of $155,563 for the year ended December 31, 2013. This improvement is attributed to the substantial unrealized gain on fair value adjustment on investment properties of $10,683,896 during the year versus the unrealized gain of $3,845,521 from the prior year.

Management cautions investors that the Corporation is primarily focused on increasing shareholder value on a per share basis. This means that operationally, management is more concerned with long-term asset appreciation at the expense of short-term cash flow. However, the newly installed CEO and board have taken an active focus on the Corporation's negative cash flow as they recognize that the Corporation cannot continue to suffer from negative cash flow.

Section 4 - Financial Condition

Cash Flow

Mongolia Growth Group's primary sources of capital are cash generated from operating, financing and investing activities. Management expects to meet all of the Corporation's obligations through current cash and cash equivalents along with cash flows from operations.

The following table provides an overview of the Corporation's cash flows from operating, financing and investing activities for the year ended December 31, 2014 and 2013.

		For the year ending
	31-Dec-14	31-Dec-13
Net change in cash related to:		
Operating	(2,908,159)	(1,730,252)
Investing	(1,392,747)	(1,012,196)
Financing	821,951	293,600
Effects of exchange rates on cash	(245,943)	(883,086)
Net change in cash during the period	**(3,724,898)**	**(3,331,934)**

Overall, cash outflows during 2014 were lower than the previous year with net outflows in operating and investing each higher than the previous year offset by an increase in financing inflows. The changes in components of cash flows for the year ended December 31, 2014 compared to the year ended December 31, 2013 were the result of the following factors:

- **Operating**–Operating cash outflows for the year ended 2014 increased primarily due to an increase in one-time expenses.
- **Investing**–Investing cash outflows for the year ended 2014 increased due to acquisitions of investment properties netted off by the receipt of payment on the disposal of insurance subsidiary as well as from disposal of properties in comparison to the previous year.
- **Financing**–Financing cash inflows for the year ended 2014 increased over 2013 as the Corporation generated increased cash through the exercise of options.

To date, the Corporation has been able to meet all of its capital and other cash requirements from its internal sources of cash. As at December 31, 2014, the Corporation had approximately $1,645,421 in cash and cash equivalents.

Total Assets

As of December 31, 2014, the Corporation had $2,673,124 (2013 - $9,416,810) in Current Assets out of which $1,645,421 (2013 - $5,370,319) was held in cash and cash equivalents.

The majority of the Corporation's assets are classified as Non-Current Assets, mainly Investment Properties. Investment Properties are carried at Fair Market Value and increased throughout the year by way of a significant acquisition and the appreciation of the portfolio during the year.

In 2014, assets classified as Investment Properties increased to $48,458,517 from $32,313,391 the year prior, primarily due to an increase in unrealized fair value adjustment and the acquisition of Tulguldur. Property and Equipment, which primarily consists of properties that are measured at their cost base, decreased from $3,915,692 in 2013 to $2,974,950 in 2014 as several properties in this category were either sold or transferred to Investment Properties.

In 2013, as part of the agreement to sell Mandal to UMC Capital LLC, proceeds for this transaction were included in current assets and non-current assets. As the payment for this transaction was received during 2014, this item was no longer outstanding at December 31, 2014.

Total Liabilities

As of December 31, 2014, the Corporation had current liabilities of $2,077,001 consisting of payables and accrued liabilities. In December 31, 2013, current liabilities were significantly lower at of $878,343. The reason for increase in trade payables is due to capital expenditures performed on one of the Corporation's investment properties and an increase in deposits as prepayments for property sales.

As of December 31, 2014, the Corporation had no long term debt outstanding, as such the only non-current liability on the balance sheet is deferred income taxes. Deferred tax liabilities increased slightly during the year to $1,099,141 in 2014 (2013 - $1,090,117).

Total Equity

The equity of the Corporation consists of one class of common shares.

Outstanding	As at 31-Dec-2014	As at 31-Dec- 2013
Common shares	34,848,745	34,303,352
Options to buy common shares	2,448,000	1,957,000

Options Outstanding

At December 31, 2014, the Corporation had 1,385,000 options that were exercisable (December 31, 2013; 1,324,500).

The Chart below shows the historical option grants and options outstanding as of December 31, 2014.

$ Option Price	Granted	Forfeited	Cancelled	Exercised	Total Options Outstanding	Options Exercisable	Options Non-Exercisable
1.64	100,000	0	0	100,000	0	0	0
1.75	300,000	0	0	250,000	50,000	50,000	0
1.90	1,363,000	35,000	0	200,000	1,128,000	492,500	635,500
4.20	900,000	408,000	362,000	0	130,000	97,500	32,500
4.77	175,000	100,000	0	0	75,000	65,000	10,000
4.25	150,000	50,000	0	0	100,000	75,000	25,000
4.00	190,000	0	0	0	190,000	105,000	85,000
4.13	475,000	75,000	0	0	400,000	125,000	275,000
1.09	375,000	0	0	0	375,000	375,000	0
Total	**4,028,000**	**668,000**	**362,000**	**550,000**	**2,448,000**	**1,385,000**	**1,063,000**

Acquisitions and Dispositions

During the year, the Corporation acquired a large property for a total of $9,099,706 in three separate transactions. During this time, the Corporation disposed of 25 properties for $5,432,386 including 5 properties swapped at a value of $2,981,944. These acquisitions and disposals are consistent with the Corporation's strategy of streamlining its investment property portfolio.

Off-Balance Sheet Items

As of December 31, 2014, the Corporation had no off-balance sheet items.

Events Subsequent to Year End

The Corporation sold 6 properties with a fair value of approximately $1,227,836 for cash proceeds of approximately $1,075,964. The loss since December 31, 2014 is attributed to the currency depreciation in the Mongolian Tögrög.

On April 2, 2015, the Corporation announced that it intended to issue a total of 640,691 common shares of the Corporation at a price of CDN $0.82 per share in settlement of outstanding amounts owed by the Corporation in the amount of US $420,000. The Corporation also issued 935,000 5-year options to purchase at a price of CDN $0.72 per share,

On April 7, 2015, the Corporation announced that various employees and a consultant have agreed to forfeit and cancel 615,000 options with exercise prices between CDN $4.00 and CDN $4.77. The

Corporation also announced that a total of 640,000 5-year, stock options had been issued to Directors and Officers at an exercise price of CDN $0.74.

On April 27, 2015, the Corporation announced the closing of the Company's previously announced settlement of outstanding amounts owed by the Company in the amount of US $420,000 through the issuance of 640,691 common shares of the Company at a price of CAD $0.82 per share.

Section 5 - Quarterly Information

Quarterly Results

The following table is a summary of select quarterly information over the previous eight quarters:

	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Revenue *	316,712	424,787	542,837	634,581	427,836	452,185	421,599	425,753
Net income (loss) *	117,251	(1,489,119)	5,033,379	812,202	1,449,697	(825,693)	(1,127,918)	253,340
Income (loss) per common share*	0.00	(0.04)	0.15	0.02	0.04	(0.02)	(0.03)	0.01
Total Assets	54,106,591	55,523,885	54,965,199	49,253,675	47,291,018	47,988,406	52,443,237	52,859,111
Weighted Average Shares (No.)	34,652,992	35,800,084	34,495,983	35,823,685	34,696,557	34,246,026	34,245,230	34,170,019
Ending Shares (No.)	34,848,745	34.848,745	34,748,745	34,538,352	34,303,352	34,303,352	34,303,352	34,173,352

* These numbers have been restated to reflect the continuing operations of the Corporation.

Revenue

During the fourth quarter, the Corporation's real estate subsidiary earned total revenue of $316,712 (Q4 2013 -$427,836) of which rental income earned was $457,496 (Q4 2013 - $397,894). The majority of this rental income increase is attributed to a larger property portfolio as well as increased occupancy levels. The quarterly revenue number also includes other revenue earned from miscellaneous sources such as late fee, advertising and from sale of investment properties. During the fourth quarter, the Corporation also experienced a loss on sale of investment properties of $140,423, which negatively affected the Corporation's revenue.

During the fourth quarter of 2014, the Corporation 's net investment income decreased by $12,405 as compared to an increase of $36,736 in the same period in 2013. The decrease in net investment income is attributable to a decrease in investment and marketable securities as the Corporation continues to deploy its cash into building its property portfolio.

During the 4th quarter of 2014, the Corporation also incurred a large unrealized gain of $2,747,150 compared to an unrealized gain of $3,845,521 during Q4 2013.

Expenses

Quarterly expenses related to corporate operations totaled $2,007,286 (Q4 2013 - $1,024,256). The majority of this increase is attributed to a $870,540 severance payment made to the Corporation's former CEO along with a commission of $487,522 accrued to a senior employee of the Corporation.

Net Income

During the quarter, the Corporation generated a gain of $117,251 in comparison to a gain of $1,201,133 in the same quarter of the previous year. This difference is mainly attributed to the fair value adjustments recorded in the fourth quarter of the years offset by an increase in expenses

Section 6 – Critical Estimates

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS required Management to make assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The critical estimates made in the preparation of the consolidated financial statements include the following:

Fair value of Investment Properties

The estimate of fair value of investment properties is the most critical accounting estimate to the Corporation. An external appraiser estimates the fair value of the majority of the Investment Properties annually, the remainder are appraised internally by Management. The fair value of investment properties is based on the nature, location and condition of the specific asset. The fair value of investment properties represents an estimate of the price that would be made in an arm's length transaction between knowledgeable, willing parties. The Corporation operates in the emerging real estate market of Mongolia, which given its current economic and industry conditions, has an increased inherent risk resulting from the lack of reliable and comparable market information. At December 31, 2014, the unrealized gain on fair value adjustment was a gain of $10,683,896 (gain of $3,845,521; 2013). During the first six months of 2014, there was a fair value adjustment gain of $7,936,746 relating to properties that were not available for use at year end or were being carried at depreciated cost, and thus were recorded at the lower of cost and market, but adjusted during the first six months of 2014 as the properties became available for use. The remaining $2,747,150 gain was adjusted during the 4th quarter of 2014. As of December 31, 2014, Management took the decision to write off the carrying value of one of the Corporation's land assets as the asset had been impaired and Management believed it was unlikely that it could fully recover the asset in the future.

Accuracy of Share Based Compensation Expense

The estimate of the ultimate expense arising from share based compensation plans is another critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the share based compensation expense recorded by the Corporation. The ultimate expense is estimated by using a number of key assumptions such as the expected volatility of the share price, the dividends expected on the shares, the risk-free interest rate for the expected life of the options and future forfeiture rates. For the year ending December 31, 2014, the cost of the share based payments) totaled $1,838,904 (2013 - $931,783). The increase over the previous year was due to a large amount of options issued to the Corporation's former CEO.

Operating Environment of the Corporation

Mongolia displays many characteristics of an emerging market including relatively high inflation and interest rates. The tax and customs legislation in Mongolia is subject to varying interpretations and frequent changes. The future economic performance of Mongolia is tied to continuing demand from China and continuing high global prices for commodities as well as being dependent upon the effectiveness of economic, financial and monetary measures undertaken by the Government of Mongolia together with tax, legal, regulatory and political developments. Management is unable to predict all developments that could have an impact on the Mongolian economy and consequently what effect, if any, they could have on the future financial position of the Corporation.

Assets and Liabilities Held for Sale

The Corporation makes judgments in determining whether certain non-current assets or group of assets and liabilities meet the specified criteria under IFRS for classification as held for sale. At December 31, 2014, the Corporation has identified 6 investment properties, which meet the specified criteria, and has accounted for them as assets held for sale.

Deferred Tax Assets

Deferred tax assets are recognized to the extent that it is probable that deductible temporary differences will reverse in the foreseeable future and there will be sufficient future taxable profits against which the deductible temporary differences can be utilized. The Corporation reviews the carrying amount of deferred tax assets at the end of each reporting period which is reduced to the extent that it is no longer probable that deferred tax assets recognized will be recovered, or increased to the extent that sufficient future taxable profit will be available to allow all or part of a previously unrecognized deferred tax asset to be recovered. Estimates of future taxable income are based on forecasted cash flows from operations, available tax planning opportunities and expected timing of reversals of taxable temporary differences.

Section 7 – Risk Management

Credit risk

The Corporation's exposure to credit risk is managed through risk management policies and procedures with emphasis on the quality of the investment portfolio. For the year, most of the Corporation's credit risk consisted of institutional deposits. The majority of the funds invested are held in reputable Canadian or Mongolian banks. The Corporation is in the early stages of development and is continually improving its policies in regards to monitoring its credit risk.

The Corporation is exposed to credit risk as an owner of real estate in which tenants may become unable to pay contracted rents. The Corporation mitigates this risk by carrying out due diligence on significant tenants. The Corporation's properties are diversified across residential and commercial classes. Historically, bad debts have not been a substantial expense for the Corporation.

Liquidity risk

The Corporation does not believe its current maturity profile lends itself to any material liquidity risk, taking into account the level of cash and cash equivalents, investments and marketable securities as at December 31, 2014.

As at December 31, 2014, the Corporation had working capital of $596,123 (2013- $8,538,467) comprised of cash and cash equivalents, other assets, net of trade and accrued liabilities and income taxes payable. Management considers the funds on hand to be sufficient to meet its ongoing obligations.

As of December 31, 2014, the Corporation does not have any contractual obligations.

Currency risk

The Corporation owns properties located in Mongolia and collects rental revenue in Mongolian Tögrög, and is therefore subject to foreign currency fluctuations that may impact its financial position and results. Changes in the Mongolian Tögrög, U.S. dollar and Canadian dollar foreign currency exchange rates impact the fair value of securities denominated in Mongolian Tögrög and in U.S. dollars.

Economic Volatility and Uncertainty

Over the past few years, economic volatility and uncertainty around the world has contributed to dramatically restricted access to capital and reduced capital markets activity for more speculative businesses. The Corporation's management believes that the Corporation has sufficient resources to carry on its business and remain a going concern.

MGG holds the majority of its assets, investments and operations in the nation of Mongolia. Mongolia is presently experiencing drastic changes in its fast growing economy. Economic volatility and uncertainty in Mongolia could result in inflation, hyperinflation, economic stagnation, political extremism, and other similarly detrimental scenarios which could materially harm the Corporation.

While inflation subsided in 2013, the consequences of loose monetary policy as well as exchange rate depreciation emerged in 2014 through rising inflation levels. The inflation rate peaked at 14.9% in July but gradually decreased towards the end of the year due to weakening domestic demand. As reported by the National Statistics Office, year over year inflation was 11% in December, 11.5% in November, 12.1% in October and 13% in September. The Bank of Mongolia raised the policy rate by 1.5 points to 12.0% in July in an effort to curb inflation.

Depending on the requirements of MGG's businesses, additional funds may be required to be raised in the capital markets and there is no guarantee that sufficient funds raised will be available to complete a financing required to augment the Corporation's operations.

Risks and Uncertainties

The Corporation, as part of its operations, carries financial instruments consisting of cash and cash equivalents, investments and marketable securities, accounts receivable, and trade payables and accrued liabilities. It is Management's opinion that the Corporation is not exposed to significant credit, interest or currency risks arising from these financial instruments except as otherwise disclosed in the notes to the Consolidated Financial Statements.

Certain members of parliament have recently asked to re-negotiate the agreement that exists between the government of Mongolia and Turquoise Hill regarding the current tax stability agreement. There can be no certainty if any changes to the agreement will be reached and how it will impact the investment climate or future GDP growth of Mongolia.

Further information related to Mongolia Growth Group Ltd. and the risks and uncertainties of MGG is filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") and can be reviewed at www.sedar.com.

Financial Instruments

The Corporation's financial instruments consist of cash and cash equivalents, investments and marketable securities, accounts receivable and trade and accrued payables. The Corporation is subject to interest risk as it earns interest income from its cash deposits. It is Management's opinion that the Corporation is not exposed to significant credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying values. Management believes that there are material currency risks associated to certain Financial Instruments of the Corporation as they are held in Mongolian Tögrög. For further discussion of financial instrument risks, see the Insurance and Financial Risk Management note.

Internal Controls over Financial Reporting

Changes in securities laws no longer require the Chief Executive Officer and Chief Financial Officer of junior reporting issuers to certify that they have designed internal control over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Instead, an optional form of certification has been made available to junior reporting issuers and has been used by the Corporation's certifying officers for the December 31, 2013 annual filings. The new certification reflects what the Corporation considers to be a more appropriate level of CEO and CFO certification given the size and nature of the Corporation's operations. This certification requires the certifying officers to state that: they have reviewed the interim MD&A and consolidated financial statements; they have determined that there is no untrue statement of a material fact, or any omission of material fact required to be stated which would make a statement or its omission misleading in light of the circumstances under which it was made within the interim MD&A and consolidated financial statements; based on their knowledge, the interim filings, together with the other financial information included in the interim filings, fairly present in all material respects the financial condition, results of operations and cash flows of the Corporation as of the date and for the periods presented in the filings.

Recent Accounting Pronouncements

IFRS 9 – Financial Instruments introduces new requirements for classifying and measuring financial assets and financial liabilities. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 also introduced additional changes related to financial liabilities.

The IASB also recently introduced amendments to IFRS related to hedge accounting. The Standard is not applicable until annual periods beginning on or after January 1, 2015, but is available for early adoption.

In November 2013, the IASB issued three amendments affecting IFRS 9, IAS 7 and IAS 39. The first amendment sets out new hedge accounting requirements. The second amendment allows entities to apply the accounting for changes from own credit risk in isolation without applying the other requirements of IFRS 9. The third amendment removes the mandatory effective date of IFRS 9 from January 1, 2015 to a new date that will be determined when IFRS 9 is closer to completion.

Additional Information

Additional information relating to Mongolia Growth Group Ltd., including its interim financial statements, is available on SEDAR at www.sedar.com.